Herefordshire Council

AGENDA

Cabinet

Date:	**Thursday 11 June 2015**
Time:	**2.00 pm**
Place:	**Shire Hall, St Peter's Square, Hereford, HR1 2HX**
Notes:	Please note the **time, date** and **venue** of the meeting. For any further information please contact: **Governance Services** Tel: (01432) 260635 Email: ruth.goldwater@herefordshire.gov.uk

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Agenda for the Meeting of the Cabinet

Chairman	**Councillor AW Johnson**
Vice-Chairman	**Councillor PM Morgan**
	Councillor H Bramer
	Councillor JG Lester
	Councillor GJ Powell
	Councillor PD Price
	Councillor P Rone

AGENDA

PUBLIC INFORMATION FIRE INFO OCT 14

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YOU HAVE A RIGHT TO: -

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
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- The Shire Hall is a few minutes walking distance from both bus stations located in the town centre of Hereford.

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The Chairman or an attendee at the meeting must take the signing in sheet so it can be checked when everyone is at the assembly point.

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at Shire Hall, St Peters Square, Hereford, HR1 2HX on Thursday 19 March 2015 at 2.00 pm

Present: **Councillor AW Johnson (Chairman)**

Councillors: H Bramer, JW Millar, PM Morgan, GJ Powell and PD Price

In attendance: **Councillors WLS Bowen, BA Durkin, TM James, FM Norman, AJW Powers, Ms H Coombes, Mrs J Davidson, G Hughes, Mr A Neill, Norman and Robinson**

70. APOLOGIES FOR ABSENCE

Apologies were received from Councillors CNH Attwood, RI Matthews and P Rone.

71. DECLARATIONS OF INTEREST

There were no declarations of interest.

72. MINUTES

RESOLVED: **That the Minutes of the meeting held on 26 February 2015 be approved as a correct record and signed by the Chairman.**

73. PUBLIC HEALTH ANNUAL REPORT

The Cabinet Member, Health and Wellbeing, introduced the third annual Public Health report. This year, the report focuses on children and young people and provides an overview of recommendations from the last report.

The Interim Director of Public Health described how the focus on children and young people recognises that although Herefordshire is a healthy county, sitting within the top 20% of counties for quality of health, there needs to be more focus on the younger section of the community. A range of partners are working together to recognise the link between poor health and social factors and the importance of access to services which impact on community resilience.

Dental public health has been identified as an area for further improvement, with links to diet, sugary foods and obesity. Herefordshire has also been identified as a pilot site for a diabetes prevention programme. The style of the report is intended to encourage greater public engagement.

The Chair of the General Overview and Scrutiny Committee expressed concern about dental issues and the fluoridation of the water supply as a contributing factor in good dental health in children. It was explained that fluoridation in Herefordshire is complex for a number of reasons. The cost effectiveness of fluoridation needs to be scoped and in the meantime, there are other measures such as engaging parents in the use of fluoride toothpaste at the same time as addressing the matter of over-consumption of sugary drinks and foods. Access to free dental healthcare is also an important factor, along with effective health promotion from professionals.

The leader of the Green Group emphasised the importance of Herefordshire's geography as the natural environment is known to bring health benefits. Access to greenspace was acknowledged as an important factor in health and wellbeing across all age groups, and is supported by conservation organisations through such concepts as the green gym. The environment plays an important role in the transport plan, giving people the opportunity to cycle and walk safely and feel encouraged to be more physically active.

The Cabinet Member for Children and young People responded to the earlier comment regarding dental health, explaining that health promotion work is in place with health visitors targeting 3 and 4 year-olds.

The leader of It's Our County welcomed the report and its focus on children and young people, noting prevention work as a key public health action. However, there was concern about there being sufficient resources to address these issues effectively. The Interim Director of Public Health explained that Public Health England had recognised that rural counties were not receiving sufficient finance in funding allocations in order to provide the level of service required. There is always more that can be done around both primary and secondary prevention and ensuring that adults too are healthy and active in order to minimise health problems and reliance on complex health packages.

A typographical error was noted in the report's recommendations and it was confirmed that the recommendations were to be addressed to Cabinet rather than Council.

RESOLVED:
That the report be received by Cabinet and published as required by the Health and social Care Act 2012.

74. HEREFORDSHIRE OLDER PEOPLE'S HOUSING STRATEGY AND PATHWAY

The Cabinet Member for Health and Wellbeing introduced the report. He highlighted that there is an expected increase in people over the age of 65 in the county for whom there is a limited choice for downsizing or finding new housing. The strategy is intended to remedy this.

The Programme Director, Housing and Growth, presented the strategy. It responds to the issues affecting the availability of suitable housing for older people in the county in terms of rurality, demographics and financial challenges, by looking for new approaches to resolving the problems.

The age group with the highest growth rate is the over 85s who also experience health issues such as dementia and physical health conditions. Herefordshire has a dispersed older population, with people often living in larger, detached housing. The majority of people own their homes and are relatively well-off, but are faced with a lack of choice of alternative housing. There is, however, potential within communities to support people to remain in their own homes, although currently there is a lot of social isolation with frequent reports of people saying they are lonely most or all of the time and have limited contact with other people. The recommendations, which are based on key research, promote the following action points:

- Setting-up advice and assessment tools for families to look for information and support to help in a crisis. This needs to be developed to support people to enable decision making and planning for the future.
- Developing the service offer to help people stay at home such as through the expansion of Telecare. The value of accessing home maintenance and gardening services is recognised as a factor in choice of accommodation due to the

implications of moving home and this needs to be simplified by co-ordinating agencies.

- Developing the right housing mix to support the population and increase choice. Targets are to 2030 and working with developers and housing associations is key in order to change their perception of the market so that there are more development schemes which are marketed to older age groups.

A pathway has therefore been developed to set out how people plan and make decisions for their long-term wellbeing and this strategy is an important development for this age group.

The Cabinet Member for Children and young People welcomed and commended the strategy as there are common issues across all age groups.

The Chair of the General Overview and Scrutiny Committee commented that housing needs to be inexpensive and developed around the county as a whole.

The Group Leader for the Greens commented that all housing should be energy efficient and affordable. The types of housing also need to recognise that not all people benefit from single-story accommodation as use of staircases can bring health benefits because they encourage people to be more active. Co-habiting also needs to be considered as a concept as this can address loneliness.

The Group Leader of the Liberal Democrats commented that people are not getting the right housing for their needs and that being on the outskirts of towns and cities reduces accessibility of services. Whilst it is more expensive to build bungalows, they are an essential part of the housing mix for this age group and there need to be incentives for developers to build in areas that are accessible to services. The Programme Director for Housing and Growth added that neighbourhood planning is key in this and the strategy will inform parishes in their planning. There is an increased demand for bungalows and two-bedroomed homes, and co-habiting has also been referenced in the strategy.

The Leader of the Council added that in his ward there are arrangements in place for accommodation although homes are expensive and there needs to be a co-ordinated approach to planning policy and other avenues for accommodation need to be explored.

The Cabinet Member for Health and Wellbeing thanked those responsible for developing this work and commented that stakeholders are fully involved and so the strategy needs to be actioned.

At this point, the Leader offered his apologies and left the meeting. The Deputy Leader took over as Chair for the remainder of the meeting.

The Cabinet Member for Health and Wellbeing added that implantation of the strategy has been discussed with the Planning team.

RESOLVED:

That (a) the Herefordshire Older People's Housing Strategy and Pathway Action Plan be approved; and
(b) the Programme Director, Housing and Growth, following consultation with the Cabinet Member, be instructed to undertake final minimum amendments as required, prior to publication.

75. STAYING PUT STRATEGY

The Cabinet Member for Children and Young People introduced the report which focuses on a proposed strategy to keep young people in foster care beyond the age of 18 where it would improve their life opportunities and wellbeing.

The Head of Looked After Children presented the key points of the strategy which seeks to remedy previous issues regarding access to employment, finance and avoiding offending. The strategy extends the role of the corporate parent to provide further support in recognition that not all 18 year olds are ready to be fully adult, thus representing a vulnerable group as they make the transition into adulthood.

Each year there is a small number of young people in fostering who are affected by these issues. The strategy involves additional expenditure on supported lodging for these people plus greater in-house provision and oversight.

The Group Leader for the Liberal Democrats commented that this is a positive strategy. This was echoed by the Chair of the General Overview and Scrutiny Committee, recognising the need to support those young people who need to continue to remain in foster care whilst they make the transition into adulthood.

The Deputy Leader expressed support for the strategy although commenting on its title. The Head of Looked After Children explained that this was a national campaign which could take on a local title.

RESOLVED:

That the Staying Put policy and procedures be approved and implemented with immediate effect.

76. WASTE MANAGEMENT SERVICES CONTRACT UPDATE

The Cabinet Member for Contracts and Assets introduced the report which refers to the deferral, until 2023, of the purchase of the Energy from Waste plant site in Hartlebury. If deferred, the reserve would be retained and would reduce the need for the council to borrow. There has also been a new financial split between Herefordshire and Worcestershire which is based on tonnage and brings savings to the council.

The Head of Corporate Finance confirmed an improved position following financial negotiations and the savings gained based on the split. The deferral would not change the council's rights, but the payment would be reduced because of a reduction for the recycling site. It is therefore of benefit to the council to make the purchase at the end of the PFI agreement in 2023.

The Chair of the General Overview and Scrutiny Committee asked for assurance that this did not affect the recycling facility. The Director for Economy, Community and Corporate, confirmed that the Energy from Waste plant is separate from the recycling plant.

In answer to a question from the Group Leader of It's Our County regarding the Joint Working Arrangement summarised in the report, in particular relating to the desirability of Mercia extending the contract beyond 2018, the Head of Corporate Finance confirmed that there is the option to extend the contract by five years. She added that this element of the original PFI contract was not varied.

A request was made by the Group Leader of It's Our County for a briefing paper on this matter.

RESOLVED:

That (a) the conclusion of the agreed joint waste PFI contract variation and associated joint working agreement be noted; and
(b) the deferral, until December 2023, of the purchase of Herefordshire's share of the Hartlebury waste site be approved.

77. CORPORATE DELIVERY PLAN 2015-16

The Assistant Director for Place Based Commissioning presented the plan which is an enabler for residents to live fulfilled lives and for the promotion of a successful economy. There is a requirement to have this plan in place supported by quarterly performance reports, with actions supported by Cabinet decisions.

RESOLVED:

That the 2015/16 corporate delivery plan be approved.

The meeting ended at 3.04 pm **CHAIRMAN**

Herefordshire Council

MEETING:	**Cabinet**
MEETING DATE:	**11 June 2015**
TITLE OF REPORT:	**Financial outturn 2014/15**
REPORT BY:	**Chief financial officer**

Classification

Open

Key Decision

This is not a key decision.

Wards Affected

County-wide

Purpose

To inform Cabinet of the revenue and capital outturn for 2014/15, including the treasury management outturn report.

Recommendations

THAT:

(a) the final outturn for 2014/15 be noted;

(b) the note and approve the movements in reserves (paragraph 12 to 14); and

(c) the treasury management outturn report be recommended to Council for approval.

Further information on the subject of this report is available from
Peter Robinson, chief financial officer on Tel (01432) 383519

Alternative Options

There are no alternative options

Reasons for Recommendations

1 Ahead of the commencement of the external audit, Cabinet can note the outturn for the 2014/15 financial year. The unaudited 2014/15 accounts are available for review on:

www.herefordshire.gov.uk/council-finances

Key Considerations

Revenue outturn

2 The 2014/15 budget underspent by £0.6m in line with the majority of forecasting throughout the year. This has been achieved by improved forecasting processes with greater input and ownership from service managers. Included in the outturn is the delivery of planned savings of £15.4m, the performance of which has been monitored and reported throughout the year. The 2015/16 budget includes a further savings target of £10.2m which will require continued close monitoring with challenges increasing as more savings are required.

Service	Budget	December projection over/(under)	Outturn over/(under)	Change
	£000	£000	£000	£000
Adults and wellbeing	56,805	613	(16)	(629)
Children's wellbeing	38,397	498	529	31
Economy, communities and corporate (ECC)	50,303	(79)	(352)	(273)
Directorate total	**145,505**	**1,032**	**161**	**(871)**
Other budgets and reserves	630	(1,690)	(800)	890
Total	**146,135**	**(658)**	**(639)**	**19**

3 The key changes from the December projected outturn are:

Adults and wellbeing

- The adults wellbeing outturn has improved significantly since December delivering a year end outturn an underspend of £16k against budget compared to a forecast overspend of £613k in December. This improvement is due to efficient working with health partners partially through the system resilience fund, on-going high cost placement and continuing health care reviews, plus additional grant funding from care act grant (£125k) and additional help to home grant (£120k). The impact of the Care Act 2015, and effectively managing demand continues to be a high risk area for the council over the coming year.

Children's wellbeing

- The children's wellbeing outturn is £529k, slightly worse than the December outturn by £31k. This is due to an increase in agency costs in the last three months of the year. This will continue to be managed in 2015-16.

ECC

- The ECC outturn has improved by £273k since December, to a £352k underspend due to increased income from the economic upturn.

Other budgets and reserves

- This budget now includes a £1m increase to the risk mitigation reserve.

4 A more detailed analysis of the revenue outturn is provided in appendix A.

Capital outturn

5 £77.7m of capital schemes were delivered in 2014/15 summarised below:

- Road network investment and improvements - £30.3m
- EnviRecover, energy from waste plant - £6.0m
- Leominster primary school replacement - £5.2m
- New heritage archive and records centre - £3.9m
- Halo leisure centre improvements - £3.7m
- Hereford city link road - £2.7m
- Broadband network, Fastershire - £8.0m (inclusive of £5.4m in Gloucestershire)
- Hereford enterprise zone site investment - £2.2m
- Other smaller schemes - £15.7m

6 Significant changes since the December forecast are:

- Reduced spend on EnviRecover, energy from waste plant of £4.7m. This loan drawdown will be provided in 2015/16. The plant remains on schedule to open in early 2017.
- Forecast spend on the new link road of £3.8m lower due to forecast land acquisition and compensation sums not falling due during the period.
- Broadband spend of £2.1m lower than anticipated. This is due to later than anticipated delivery of elements of the programme and as a result extensions have been granted to milestone areas 1 and 11 of the contract completion dates to September 2015, to be reviewed in June. All other milestones currently remain with a December 2016 completion date.
- Works at the Ross leisure centre have been delayed following the identification and consideration of a possible sewer diversion requirement resulting in a revised expected completion date of September 2015, £1.6m underspend in year.

Scheme	Approved budget £m	December forecast £m	2014/15 outturn £m	Over/ (under) £m
EnviRecover energy from waste plant	40.0	10.7	6.0	(4.7)
Hereford City Link Road	27.0	6.5	2.7	(3.8)
Fastershire, broadband infrastructure	20.2	10.1	8.0	(2.1)
Leisure Centre improvements	8.7	5.3	3.7	(1.6)
Total	**95.9**	**32.6**	**20.4**	**(12.2)**

7 A more detailed analysis of the capital outturn is provided in appendix B.

Treasury management

8 Treasury management underspent by £0.9m which was slightly higher than that forecast in December 2014 due to:

- anticipated capital expenditure in 2014/15 being deferred into 2015/16,
- short-term variable interest rates being lower than expected,
- long-term fixed rates from the public works loan board being lower than forecast,
- loans secured later in the year than budgeted

9 Appendix C includes a detailed analysis of the outturn report in line with the CIPFA code of practice on treasury management. The council has complied with its prudential indicators for 2014/15 approved by Council on 7 February 2014 as part of the treasury management strategy statement.

10 Loan finance is secured to support capital investment. Appendix C confirms external borrowing at £165m as at 31.03.15. This includes historical borrowing where central government provided funding allocations, pre the introduction of prudential borrowing in 2004/05. This supported borrowing balance totalled £116m as at 31.03.15. The remaining borrowing requirement has funded capital investment that reduces ongoing revenue costs, spend to save projects, including:

	£m
• Road investment	15
• Energy from waste plant	6
• Leisure pool and centre improvements	7
• Hereford Enterprise Zone	3
• LED street lighting	2
• Wheeled bins	1

Pension deficit

11 The estimated pension deficit on Herefordshire's fund as at 31 March 2015 is £211m an increase of £52m from 31 March 2014. The shortfall represents the difference between the estimated value of obligations and the assets held in the pension fund. The council ensures that funding is set aside by the time the benefits come to be paid with revised contribution rates bringing the fund into balance over a period of 21 years. Although the benefits will not actually be payable until employees retire, the council has a commitment to make the payments and this needs to be disclosed at the time the employees earn their future entitlement. At the moment the council has included £7m pa in its revenue budget to repay the deficit, agreed with the pensions fund's actuaries. This amount will be reviewed after the next full valuation (due 31 March 2016) which is based on assumptions about mortality rates, salary levels, inflation and others.

12 This proportionate level of deficit of 42% is normal for local authority pension funds and relates to falling returns on investments and employees living significantly longer than anticipated when the scheme was initially set-up.

Pension fund	**As at 31 March 14 £m**	**As at 31 March 15 £m**
Present value of obligations	419	500
Fair value of assets	(260)	(289)
Deficit	**159**	**211**
Deficit %	**37%**	**42%**

Medium Term Financial Strategy

13 The current MTFS 2015/16 – 2016/17 was approved by Council in February 2015. This will be updated based on revised grant assumptions and savings plans over the coming months extending the period of the strategy from 2016/17 – 2019/20, covering the electoral term. This will be informed by the budget on 8 July 2015 although indications are that there will be significant reductions in grant that coupled with increasing demographic pressures will mean further savings will need to be identified. Indications are that funding cuts will be steeper and front loaded increasing the previous saving target for 2016/17.

Reserves

14 The prudential general reserve balance at 31 March 2015 is £7.1m, after taking account of the £0.6m underspend. This represents 5% of net budget, providing resilience for the budget challenges ahead.

15 The outturn position includes new reserves for severe weather costs (£0.5m), invest to save (£0.3m) and infrastructure development fund (£0.2m).

16 As at the 31 March 2015 the council held £26.6m of earmarked reserves, an increase of £2.6m from 31 March 2014. Earmarked reserves also include unused grants carried forward into 2015/16, the largest being dedicated schools grant of £1.5m.

Collection fund

17 Income collected from council taxpayers and business ratepayers (NNDR) is accounted for through the collection fund. For council tax the income is distributed to the council, West Mercia Police and Hereford & Worcester Fire and Rescue Authority. Similarly the account distributes shares of the business rates collected between the council, central government and the fire authority.

18 The position on council tax for 2014/15 was a surplus of £1.7m, of which Herefordshire's share is £1.4m, included in the 2015/16 base budget.

19 The business rates element of the collection fund was a deficit of £7.6m, of which Herefordshire's share is £3.7m. This includes the £3.5m deficit brought forward from 2013/14. The main reasons for the shortfall are increased rate reliefs and provision for known appeals. The deficit has been covered by an allowance in the 2015/16 budget and the £3.2m rates smoothing reserve included in the 2014/15 outturn.

Community Impact

20 The recommendations do not have any community impact

Equality and Human Rights

21 The recommendations do not have any equality implications

Financial Implications

22 These are set out in the report.

Legal Implications

23 None.

Risk Management

24 The council is required to close the 2014/15 accounts by 30 June 2015 which includes the approval of statutory statements by the chief finance officer. In 2014/15 the council decided to bring this deadline forward by one month in preparation on the statutory deadline being brought forward for the closure of the 2015/16 accounts. Failure to meet statutory deadlines carries a reputational risk for the council in relation to its corporate governance role. Successfully bringing forward the closedown of 2014/15 has proved the council is capable of meeting the shorter timeframes. The council ensures this by maintaining, communicating and sharing detailed plans and timetables.

Consultees

25 None

Appendices

Appendix A Revenue outturn

Appendix B Capital outturn

Appendix C Treasury management outturn

Appendix D Bad debts written off

Background Papers

- None identified.

Further information on the subject of this report is available from
Peter Robinson, chief financial officer on Tel (01432) 383519

Appendix A

Directorate Net Budget	Net Budget March £000	March Variance £000 Over / (Under)spend	December Variance £000 Over / (Under)spend	Change to forecast £000 Adv / (Fav)	Explanation
Adults and Wellbeing	56,805	(16)	613	(629)	
Children's Wellbeing	38,397	529	498	31	
Economy, Communities & Corporate	50,303	(352)	(79)	(273)	
DIRECTORATES TOTAL	**145,505**	**161**	**1,032**	**(871)**	
Other budgets and reserves	630	(800)	(1,690)	890	Underspend in treasury management plus £1m increase to the risk mitigation reserve
TOTAL	**146,135**	**(639)**	**(658)**	**19**	

Adults & Wellbeing

	Annual Budget				Final	December	Change to forecast	
Service	Budget Expenditure	Budget (Income)	Net Budget	Final Outturn Figure	Projected Over/ (Under)spend	Projected Over/ (Under)spend	Adv/ (Fav)	Main reasons for change since December
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Learning Disabilities	17,077	(1,692)	15,385	16,565	1,181	876	304	Provision created for specific invoice dispute, offset by the impact of high cost placement reviews and the continuing healthcare project which has transferred responsibility for health related expenditure to the CCG.
Memory and Cognition	6,334	(1,272)	5,062	5,067	5	41	(37)	
Mental Health	3,358	(741)	2,617	3,123	506	653	(146)	Higher than expected mortality rate during the last 3 months of the financial year and impact of high cost placement reviews and the CHC project which has transferred responsibility for health related expenditure to the CCG.
Physical Support	24,487	(4,953)	19,534	19,356	(177)	458	(635)	Higher than expected mortality rate during the last 3 months of the financial year and impact of high cost placement reviews and the CHC project which has transferred responsibility for health related expenditure to the CCG.
Sensory Support	578	(107)	471	695	224	245	(20)	
Client Sub-Total	**51,833**	**(8,766)**	**43,068**	**44,806**	**1,738**	**2,273**	**(534)**	
Operations	10,633	(2,224)	8,408	7,392	(1,016)	(808)	(208)	Project staffing costs transferred to Transformation & Safeguarding.
Commissioning	6,622	(1,176)	5,446	5,176	(270)	(379)	109	Joint working with health partners and provision for disputed invoices and lower income levels than were originally forecast.
Directorate Management	2,426	(4,036)	(1,610)	(2,097)	(486)	397	(883)	One off reserves transfer (see below), plus additional Care Act and Help to Home Grant.
Public Health	7,861	(7,989)	(128)	(128)	(0)	(0)	(0)	
Transformation and Safeguarding	1,621	0	1,621	1,639	18	(288)	306	Project staffing costs transferred from operations. Additional spend on agency staffing and training.
Use of one off reserves/grants	0	0	0	0	0	(581)	581	One off reserves transfer (see above)
Non Client Sub-Total	**29,163**	**(15,426)**	**13,737**	**11,983**	**(1,755)**	**(1,659)**	**(95)**	
Adult's Wellbeing	**80,996**	**(24,191)**	**56,805**	**56,789**	**(16)**	**613**	**(629)**	

Children's Wellbeing

	Annual Budget				Final	December	Change to forecast	
Service	Budget Expenditure	Budget (Income)	Net Budget	Final Outturn Figure	Projected Over/ (Under)spend	Projected Over/ (Under)spend	Adv/ (Fav)	Main reasons for change since December
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Central Childrens Directorate Costs	**8,874**	**(8,516)**	**358**	**(1,029)**	**(1,387)**	**(576)**	**(811)**	
Additional Needs	6,803	(4,935)	1,867	1,736	(131)	(112)	(19)	Forecast on disability equipment reduced and vacancy savings
Children's Commissioning	1,320	(95)	1,225	1,113	(112)	(35)	(77)	Reduction in forecast on short breaks and some contract savings
Commissioning Management	1,305	(83)	1,222	1,045	(178)	(0)	(178)	Savings on staff costs
Development and Sufficiency	20,942	(8,564)	12,378	12,222	(156)	34	(190)	Revenue costs capitalised
Education Improvement	617	(395)	222	215	(7)	11	(18)	
Education and Commissioning	**30,987**	**(14,072)**	**16,915**	**16,331**	**(584)**	**(102)**	**(483)**	
Safeguarding and Review	1,046	(81)	965	1,087	122	44	78	Continued use of agency staff following changes to HSCB and need for HOS to cover, offset by savings in Management costs
Early Help and Family Support	3,496	(477)	3,019	2,853	(166)	(154)	(12)	
Fieldwork	4,064	(5)	4,059	4,648	590	601	(11)	
Looked After Children	7,841	(237)	7,604	8,567	964	414	550	Use of agency staff particulary in last 3 months, additional costs relating to 16+ not previously identified, expert witness costs not previously included in forecast.
LAC External Placements	2,819	(30)	2,789	3,393	604	342	262	10 new agency fostering placements, plus need to move some costs back from CNS to residential as understating position on CNS
Safeguarding development	1,030	0	1,030	1,159	129	(156)	285	Understating of forecast on NQSW costs.
Safeguarding and Early Help Management	1,660	0	1,660	1,917	257	84	173	Additional costs relating to recruitment campaign, understating the overspend of Buisness support due to costs relating to recruiting agency staff into perm positions
Safeguarding and Family Support	**21,955**	**(831)**	**21,124**	**23,624**	**2,500**	**1,175**	**1,325**	
Childrens Wellbeing	**61,816**	**(23,419)**	**38,397**	**38,926**	**529**	**498**	**31**	

Economy, Communities and Corporate

	Annual Budget				March	December	Change to forecast	
Service	Budget Expenditure	Budget (Income)	Net Budget	March Final Outturn	Outturn Over/ (Under)spend	Projected Over/ (Under)spend	Adv/(Fav)	Main reasons for change since December
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Economic, Environment and Culture	15,281	(8,949)	6,332	5,694	(638)	(603)	(35)	**Increase in carparking income £349k. Offset by reduction in planning income of £161k (now due to be received in 15/16) and loss of income within EHTS £77k**
Placed Based Commissioning	43,210	(4,361)	38,849	38,978	130	244	(114)	**Income from insourcing contract £106k and reduction in concessionary travel of £100k. Offset by Directorate and parks one off spend (not previously forecast)**
Finance & ICT	52,390	(52,721)	(330)	(422)	(91)	(98)	7	**Housing Benefit adjustments of £250k offset by reduction in corporate transformation commitments of £62k**
Community and Customer Services	6,739	(3,917)	2,822	3,002	180	202	(22)	**Staff vacancies of £30k.**
Governance	3,540	(826)	2,714	2,495	(219)	(84)	(135)	**HR spend lower than forecast £67k, staff vacancies and commitments not required £127k less election expenditure of £57k**
Directorate Support	542	(36)	506	463	(43)	(36)	(7)	
Property Services	3,542	(4,603)	(1,061)	(751)	310	296	14	**Recharge of staff time to capital £133k less schools valuation £64k printing £33k**
Economic, Communities and Corporate	**125,244**	**(75,413)**	**49,832**	**49,459**	**(371)**	**(79)**	**(292)**	
Public Relations Office	52	(80)	(28)	(10)	18	0	18	
Chief Executive	499	0	499	500	1	0	1	
Chief Executive	**551**	**(80)**	**471**	**490**	**19**	**0**	**19**	
Total ECC and Chief Executive	**125,795**	**(75,493)**	**50,303**	**49,949**	**(352)**	**(79)**	**(273)**	

Appendix B

2014/15 Capital Outturn

The capital outturn for 2014/15 totals £77.7m, which includes £5.4m spend on Gloucestershire broadband infrastructure which forms part of the Fastershire broadband contract hosted by Herefordshire. The outturn and funding is summarised below.

Table A –Summary outturn and sources of funding 2014/15

	Original Budget £000	December Forecast £000	1415 Outturn £000
Directorate Outturn			
Adults Wellbeing	483	1,798	1,000
Children's Wellbeing	9,048	8,777	9,074
Economy, Communities and Corporate	75,501	80,379	67,645
Contingency	319	95	-
Total	**85,351**	**91,049**	**77,719**
Funding			
Capital Grants	24,905	34,221	32,881
Prudential Borrowing	57,237	47,499	38,679
Capital Receipts	3,209	8,029	3,640
Revenue	-	1,300	2,519
Total	**85,351**	**91,049**	**77,719**

Significant changes since the December forecast are:

- Reduced spend on EnviRecover, energy from waste plant of £4.7m. This loan drawdown will be provided in 2015/16. The plant remains on schedule to open in early 2017.
- Forecast spend on the new link road of £3.8m lower due to forecast land acquisition and compensation sums not falling due during the period.
- Broadband spend of £2.1m lower than anticipated. This is due to later than anticipated delivery of elements of the programme and as a result extensions have been granted to milestone areas 1 and 11 of the contract completion dates to September 2015, to be reviewed in June. All other milestones currently remain with a December 2016 completion date.
- Works at the Ross leisure centre have been delayed following the identification and consideration of a possible sewer diversion requirement resulting in a revised expected completion date of September 2015, £1.6m underspend in year.

Table B - Schemes with an outturn exceeding £500k in 2014/15

Scheme	Total Scheme Budget £000	Original Budget for 2014/15 £000	2014/15 Outturn £000	Comments
Children's Wellbeing				
Leominster Primary School	10,617	5,729	5,230	Scheme complete
Condition property works	1,200	-	850	Annual programme of works at various school sites committed on a highest need first basis, grant funding confirmed post MTFMS
Westfield's SEN school	831	184	715	Grant funded extension work
Colwall School	1,200	-	1,426	Budget vired in year from Condition Property Works and Contingency
Economy, Communities and Corporate				
Corporate accommodation	19,530	6,911	7,287	Works completed at Plough Lane and the new heritage, archive and record centre.
Leisure Centre Improvements	8,670	2,000	3,682	Works at Leominster, Ross and Hereford leisure sites. Work progressing rapidly and budget re-profiled.
Local Transport Plan	10,645	10,645	10,645	Annual programme of capital works to highways, footways and bridges. Additional grant funding received since initial budget was set.
Fastershire Broadband	20,200	7,600	7,993	Investment in broadband infrastructure includes re-profiled budget (grant funded)
Yazor Flood Alleviation	4,876	450	960	Continued improvement works.
Hereford Enterprise Zone	3,434	1,967	2,233	Utilities, access and Skylon Court works to enable plot sales, unit rentals and business rate income
Link Road	27,000	10,708	2,662	Acquisition costs and start of enabling works with construction works starting Spring 2015.
Destination Hereford	3,261	1,054	999	Grant funded cycle improvement schemes
LED Street Lighting	5,655	5,655	752	Phased installation of LED street lighting reducing future energy revenue costs
Masters House, Ledbury	4,025	606	1,496	Completed refurbishment works
Road investment	20,000	15,000	14,613	Investment into the highway infrastructure to reduce revenue repair spend
Pothole Funding	2,606	-	2,606	Additional grant funding received
Weather Repair Fund	2,482	-	2,482	Additional road grant funding received

EnviRecover	40,000	11,000	6,009	Energy from Waste plant construction loan
Wheeled Bins	1,300	-	1,298	Purchase of Wheeled Bins funded by transfer from Waste Reserve to be repaid by contract cost savings
Adults Wellbeing				
Disabled Facilities Grants	702	462	806	Individual grants awarded through an application process, enabling independent living.
Sub Total	**188,234**	**79,971**	**74,744**	
Schemes with an outturn <£500k in 2014/15	**-**	**5,380**	**2,975**	
Total	**188,234**	**85,351**	**77,719**	

Capital Receipts Reserve

The capital receipts reserve totalled £4.3m at 31 March 2015, a net decrease of £1.6m from 1 April 2014, movements in year are summarised in the table below.

	£m
Opening Reserve Balance	5.9
Plus capital receipts;-	
Right to Buy share from Herefordshire Housing	0.5
Westfield's Farm	0.5
Rotherwas Enterprise Zone sites	0.4
Hill End Smallholding	0.3
Woodend Business Park	0.3
Less funding of 2014/15 capital spend	(3.6)
Closing Balance as at 31.03.15	4.3

The carried forward balance will fund approved capital scheme spend in future years.

Annual Treasury Management Report 2014/15

1. Introduction

1.1 The council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management. Before the start of every year the Code requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement detailing the policies and objectives of the council's treasury management activities for the forthcoming year. After the year end an outturn report is then produced detailing the actual results for the year.

1.2 The council has both borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the council's treasury management strategy.

2. Economic Background

2.1 **Growth:** The pace of GDP growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy.

2.2 **Inflation:** Annual CPI inflation fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price (which fell to a level not seen since March 2009), and a steep drop in wholesale energy prices, with extra downward momentum coming from supermarket competition resulting in lower food prices. Bank of England Governor Mark Carney wrote an open letter to the Chancellor in February, explaining that the Bank expected CPI to temporarily turn negative but rebound around the end of 2015 as the lower prices dropped out of the annual rate calculation.

2.3 **Labour Market:** The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. In February 2015 the rate of unemployment fell to 5.6% from 6.9% a year earlier. Comparing the three months to February 2015 with a year earlier, employee pay (excluding bonuses) increased by 1.8%.

2.4 **UK Monetary Policy**: The Bank of England's MPC maintained interest rates at 0.5% and asset purchases (QE) at £375bn. The minutes of the MPC meetings reiterated the Committee's stance that the economic headwinds for the UK economy and the legacy of the financial crisis meant that increases in the Bank Rate would be gradual and limited, and below average historical levels.

2.5 **Market reaction**: From July 2014 gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the slide in the price of oil. 5, 10 and 20 year gilt yields fell to their lowest levels in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively. Gilt yields determine the borrowing rates from the Public Works Loan Board with rates available to the council at approximately 0.80% above the equivalent gilt yield rate.

3. Borrowing

3.1 Because of the large differential between short and longer-term interest rates, the council continues to access lower cost short-term loans from other local authorities.

3.2 It is council strategy to maintain borrowing and investments below their underlying levels by using "internal borrowing". This means borrowing is reduced by utilising usable reserves and keeping investment balances relatively low.

3.2 Interest rates from the Public Works Loan Board (PWLB) fell to historically low levels during the year enabling the council to replace some short-term loans with longer-term finance. In 2014/15 the following longer term loans were taken out from the PWLB:

Amount Borrowed	From	To	Period	Type of loan*	Interest Rate
£5m	16/12/14	16/12/34	20 years	EIP	2.70%
£5m	26/03/15	26/09/64	49 years 6 months	Maturity	2.87%
£3m	31/03/15	31/03/50	35 years	EIP	2.73%
*EIP = Equal Instalments of Principal, where loan is repaid in equal instalments every six months over the period of the loan. Maturity = All principal repaid at the end of the loan period.					

3.3 The premium charged by the PWLB for the early repayment of PWLB debt remained too expensive for existing loans in the council's portfolio to be repaid and rescheduled. No rescheduling activity was undertaken in 2014/15 but this will continue to being constantly considered.

3.4 Borrowing activity during the year is summarised below:

Borrowing Activity in 2014/15	**01/04/14 Balance £m**	**New Borrowing £m**	**Debt Maturing £m**	**31/03/15 Balance £m**
Short-term borrowing	31.50	63.50	(76.00)	19.00
Long-term borrowing	136.53	13.00	(4.01)	145.52
TOTAL BORROWING	**168.03**	**76.50**	**(80.01)**	**164.52**
Other long-term liabilities	27.71	0.10	(1.20)	26.60
TOTAL EXTERNAL DEBT	**195.74**	**76.60**	**(81.21)**	**191.12**
The above amounts show the principal outstanding. The figures in the council's annual accounts will be higher as they will include accrued interest and other required accounting adjustments.				

3.5 The council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31/03/2015 was £244.29m. The difference of £53.17m between the CFR and total external borrowing represents internal borrowing from usable reserves and working capital.

3.6 The council's chief objective when borrowing has been to strike an appropriate balance between using low cost short term finance, securing fixed low interest rates with cost certainty over the period for which funds will be required and retaining flexibility to renegotiate loans should the council's long-term plans change.

3.7 In 2014/15 the weighted average interest rate paid on council borrowing was 3.43% (3.48% in 2013/14). The weighted average cost of long term borrowing was 4.07% compared to 0.49% for short-term borrowing (being the gross cost including brokers' commission of between 0.03% and 0.10%).

3.8 The council's capital financing costs in 2014/15 were as follows.

Capital financing costs for 2014/15:	**Budget**	**Outturn**	**Over / (under) spend**
	£m	**£m**	**£m**
Minimum Revenue Provision (provision for repayment of loan principal)	**10.19**	**9.93**	**(0.26)**
Interest on existing longer-term PWLB and bank loans (Actuals include accrued interest and other year end accounting adjustments not in budget)	**5.52**	**5.50**	**(0.02)**
Interest on new PWLB loans	**0.10**	**0.04**	**(0.06)**
Interest on short-term variable rate loans	**0.55**	**0.15**	**(0.40)**
Other interest paid (including finance lease interest)	**-**	**0.04**	**0.04**
Less capitalised interest	**(0.30)**	**(0.58)**	**(0.28)**
TOTAL	**16.06**	**15.08**	**(0.98)**

3.9 Substantial savings during the year have arisen from:
- Anticipated capital expenditure in 2014/15 being deferred into 2015/16;
- Short-term variable interest rates being lower than expected;
- Long-term fixed rates from the PWLB being lower than forecast and loans secured later in the year than budgeted; plus
- Additional loan interest being capitalised due to accelerated spend on leisure centre improvements.

4. Investments

4.1 The council has held significant invested funds, representing income received in advance of expenditure plus balances and reserves. During 2014/15 the council's investment balances have averaged at £32m and ranged from £54m in May 2014 to £3m as at the year end.

4.2 Security of capital remained the council's chief objective. Investment income remained low due to the continued low interest rate environment and the reduction in investment maturity limits.

4.3 The reduction in maturity limits (which at the year end were 100 days for most UK banks) followed advice from the council's treasury adviser, Arlingclose and were due to:

- New legislation outlawing government bail-outs and increasing the likelihood of the council losing funds should a bank get into financial difficulty; and
- Deteriorating global growth prospects, especially in the Eurozone.

4.4 Investments held at the start and end of the year were as follows:

Investments	01/04/14 Balance £m	Investments Made £m	Maturities/ Withdrawals £m	31/03/15 Balance £m
Instant Access Accounts	5.83	318.41	(321.68)	2.56
Notice Accounts	5.00	-	(4.80)	0.20
Term Deposits	12.50	10.00	(22.50)	-
Total	**23.33**	**328.41**	**(348.98)**	**2.76**
Decrease in investments				**(20.57)**

4.5 Interest received during the year was as follows:

Month	Average amount invested		Average rate of interest earned		Amount of interest earned £000	Budget £000	(Surplus) /deficit £000
	Actual £m	Budget £m	Actual %	Budget %			
Apr-14	35.09	20	0.68	0.60	19	10	(9)
May-14	40.21	40	0.63	0.60	22	20	(2)
Jun-14	33.96	40	0.68	0.60	19	20	1
Jul-14	37.30	40	0.66	0.60	21	20	(1)
Aug-14	38.29	40	0.63	0.60	21	20	(1)
Sep-14	32.90	40	0.66	0.60	18	20	2
Oct-14	29.72	30	0.70	0.60	18	15	(3)
Nov-14	31.06	30	0.67	0.60	17	15	(2)
Dec-14	31.09	30	0.63	0.60	17	15	(2)
Jan-15	34.03	20	0.64	0.60	18	10	(8)
Feb-15	26.88	20	0.69	0.60	14	10	(4)
Mar-15	18.31	10	0.75	0.60	12	5	(7)
Treasury Management outturn for year					**216**	**180**	**(36)**
Add other net interest receivable on loans including the energy from waste plant loan					**209**	**304**	**95**
TOTAL					**425**	**484**	**59**

4.6 The interest received in the year exceeded budget due to average interest rates achieved being higher than the budgeted rates and also the amounts invested were greater for much of the year.

4.7 The average interest rate achieved during 2014/15 was 0.66% which compares favourably with the generally accepted benchmark of the average 7-day London Inter-Bank Bid (LIBID) rate of 0.44%.

4.8 During the year the waste disposal PFI was varied to include the provision of loan finance to the provider, this generated loan interest payable to us of £0.2m which will be recharged through the PFI.

5. Compliance with Prudential Indicators

5.1 The Authority confirms that it has complied with its Prudential Indicators for 2014/15, approved 7 February 2014 as part of the council's Treasury Management Strategy Statement. No Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Details can be found in Annex 1.

5.2 The council also confirms that during 2014/15 it complied with its Treasury Management Policy Statement and Treasury Management Practices.

Annual Treasury Management Report 2014/15

Performance Indicators

1. Treasury Management Indicators

The council measures and manages its exposures to treasury management risks using the following indicators.

1.1 Interest Rate Exposures

This indicator is set to control the council's exposure to interest rate risk. The indicator sets upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed.

	2014/15 Approved Limit	2014/15 maximum exposure
Upper Limit for Fixed Rate Exposure	100%	100%
Upper Limit for Variable Rate Exposure	45%	13%

The above indicator relates to net debt, if the council has variable rate investments at the same level as its variable rate debt it is deemed to have no variable rate exposure (all council investments are regarded as being at variable rate because no investments are for more than one year). For 184 days in the year the council's investments exceeded its variable rate short-term borrowing.

1.2 Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Lower Limit %	Upper Limit %	Actual Fixed Rate Borrowing 31/03/15 £m	% Fixed Rate Borrowing 31/03/15
Under 12 months (including £12m of LOBO loans)	0%	30%	**20.57**	**14%**
12 months and within 24 months	0%	30%	**7.38**	**5%**
24 months and within 5 years	0%	30%	**14.96**	**11%**
5 years and within 10 years	0%	30%	**16.36**	**11%**
10 years and within 20 years	0%	40%	**36.96**	**26%**
20 years and within 30 years	0%	40%	**11.86**	**8%**
30 years and within 40 years	0%	40%	**9.43**	**6%**
40 years and within 50 years	0%	40%	**28.00**	**19%**
Total			**145.52**	**100%**

Two LOBO ("Lenders Option then Borrowers Option") bank loans of £6m each are shown as possibly being repayable within the next twelve months however it is very unlikely that the lenders will seek to increase the interest rate being charged (from 4.50%) and thereby give the council the opportunity to repay the loans. If the lenders do not seek to increase interest rates the loans are repayable in 2054.

1.3 Upper Limit for Total Principal Sums Invested Over 364 Days

The purpose of this limit is to contain exposure to the possibility of financial loss that may arise as a result of the council having to seek early repayment of the sums invested.

Upper Limit for Total Principal Sums Invested Over 364 Days	2014/15 Approved £m	2014/15 Actual £m	2015/16 Estimate £m	2016/17 Estimate £m
Total	**10**	**0**	**5**	**5**

During 2014/15 no long-term investments were made for a period exceeding 364 days.

2. Prudential Indicators

2.1 Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on council tax.

Capital Expenditure	2014/15		31/03/16	31/03/17
	Estimate £000	Actual £000	Estimate £000	Estimate £000
Total	**85,351**	**77,719**	**67,929**	**47,354**

Capital expenditure has been and is expected to be financed or funded as follows:

Capital Financing	2014/15		31/03/16	31/03/17
	Estimate £000	Actual £000	Estimate £000	Estimate £000
Capital grants	24,905	34,064	23,948	13,419
Capital receipts	3,209	3,640	0	0
Revenue funding	0	1,336	0	0
Prudential borrowing	57,237	38,679	43,981	33,935
Total	**85,351**	**77,719**	**67,929**	**47,354**

Generally prudential borrowing finance is provided where the return on the investment exceeds the debt financing cost.

3. Capital Financing Requirement (CFR)

Estimates of the council’s cumulative maximum external borrowing requirement for 2014/15 to 2016/17 are shown in the table below:

Capital Financing Requirement	31/03/15 Approved £000	31/03/15 Actual £000	31/03/16 Estimate £000	31/03/17 Estimate £000
Total CFR	**264,038**	**244,292**	**289,809**	**298,547**

Total debt is expected to remain at or below the CFR during the forecast period.

4. Authorised Limit and Operational Boundary for External Debt

The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit or Authorised Limit. This is a statutory limit which should not be breached.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The Chief Financial Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year; borrowing at its peak was £180.37m.

	2014/15 Approved Operational Boundary £m	2014/15 Approved Authorised Limit £m	Actual External Debt as at 31/03/15 £m
Borrowing	240.00	250.00	164.52
Other Long-term Liabilities	30.00	40.00	26.60
Total	**270.00**	**290.00**	**191.12**

5. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Approved %	2014/15 Actual %	2015/16 Estimate %	2016/17 Estimate %
Net Revenue Stream	146,456	146,148	**141,138**	**140,474**
Financing Costs	18,288	17,296	**18,781**	**19,230**
Percentage	**12.49%**	**11.83%**	**13.29%**	**13.69%**

6. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the council has adopted the principles of best practice.

The council has incorporated the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* into its treasury policies, procedures and practices.

Appendix D

Debt write offs during the period 1 November 2014 to 31 March 2015

1 The finance procedures rules require the chief financial officer to report details of amounts over £2k written off to Cabinet for information purposes two times per annum.

2 The table below sets out the numbers and amounts written off for individual debts exceeding £2k for the period 1 November 2014 to 31 March 2015:

Income type	**1 November 2014 to 31 March 2015**	
	Number of cases	**Amount £000**
Council tax	11	55
Business rates – 50% central government	30	328
Benefit overpayments	7	24
General Debtors	5	30
Total	**53**	**437**

3 Individual debts under £2k written off in the same period totalled £152k giving a total amount written off of £589k. Debts are only written off once full debt recovery processes are completed, occasionally debt previously written off becomes payable if the debtors circumstances change. The council works closely with statutory bodies when deciding to write off debt. Legislative processes can take many months, or even years if the debtor is on low income, to conclude before a write off is sanctioned.

4 Debts written-off represent a very low proportion of income collected, eg council tax £81m, business rates £45m.

5 The finance procedure rules stipulate that authorisations for writing off debt exceeding £20k the chief financial officer shall seek agreement from the relevant Cabinet member responsible for resources.

6 For the period 1 November 2014 to 31 March 2015, there were five cases exceeding £20k:

- a write off of £32k relating to council tax due on a number of properties due to the bankruptcy of the landlord.

- write-offs of £169k business rates due from four companies that went into receivership with no monies available for distribution to creditors.

Herefordshire Council

MEETING:	**CABINET**
MEETING DATE:	**11 June 2015**
TITLE OF REPORT:	**Corporate performance report 2014/15**
REPORT BY:	**Assistant director, place based commissioning**

Classification

Open

Key decision

This is not a key decision.

Wards affected

County-wide

Purpose

To invite cabinet members to consider performance for the operating year 2014/15.

Recommendation(s)

THAT:

(a) **Performance for 2014/15 is considered.**

Alternative options

1. Cabinet may: choose to review performance more or less frequently than quarterly; or request alternative actions to address any identified areas of under-performance, including referral to the relevant scrutiny committee.

Reasons for recommendations

2. To provide assurance that progress is being made towards achievement of the agreed outcomes and service delivery targets, and that the reasons for important areas of actual or potential under-performance are understood and are being addressed to the cabinet's satisfaction.

Further information on the subject of this report is available from
Richard Ball, assistant director place based commissioning on (01432) 260965

Key Considerations

3. Council approved the corporate plan 2013-15 in November 2012, framed around the two key priorities of: enabling residents to be independent and lead fulfilling lives with resources focussed on supporting the most vulnerable; and creating and maintaining a successful economy. The supporting delivery plan for 2014/15 was approved by cabinet in April 2014.

4. Cabinet receive quarterly in-year reviews of performance, followed by an annual report in June.

5. Progress is measured through a number of performance measures. These have been selected because they demonstrate progress towards achievement of the council's priorities and also provide an overview of the council's performance from a resident's perspective. Appendices A, B and C contain the available year-end outturns for the measures within the corporate delivery plan 2014/15.

6. As regards the council's budget outturn for the year, there was an underspend of £639k, in line with the majority of forecasting throughout the year.

Adults and wellbeing

Impact that has been made during the year

7. In the last quarter, we have completed our final preparations in order to ready ourselves for the first part of the care act which went live on 1 April which places new duties and responsibilities on the local authority. As part of this we have reviewed our assessment process; ensuring compliance with the new eligibility framework and offering self-assessment. We have also developed our information and advice offer to service users and members of the public; confirming the provider for our information hub in the community and the provider of our online solution covering information and advice, e-marketplace and self-assessment. Our community care policies and procedures have been refreshed and all of our staff have received training in our new responsibilities. We are also working across the west midlands to refresh our safeguarding adult's policy and procedures. We are also continuing to prepare for the second part of the care act implementation due in 2016, and are midway through a yearlong engagement process about the priorities for adult social care with users, carers and communities to support implementation of the second stage particularly responsibilities for self-funders and the care account.

8. Having completed the better care fund agreements and plans, we have moved into implementation with the focus on two key workstreams, 'managing the care home market' and 'redesigning community health and social care teams'. The s75 agreement is now in place between the council and the clinical commissioning group, with a joint commissioning board overseeing arrangements

9. The adults and wellbeing senior management restructure has now been completed with public health, adult social care and housing management and professional leadership arrangements now fully integrated. Key posts recruitment is either completed or in process, management savings delivered with a refreshed leadership approach to quality and commissioning. On 1 April, the directorate has also welcomed back mental health social care staff, previously seconded to 2gether and an improvement plan is in place to improve performance and support staff.

10. ASC operational teams have reviewed over 40% of the identified high cost

placements, set out as a priority in the final quarter with a focus on improving outcomes through maximising independence and where appropriate reducing cost. It is important to review these packages of care in order to ensure we continue to maintain these package sizes at the correct level; helping to reduce dependency of service users on our services as well as keeping costs down where possible.

11. Making safeguarding personal (MSP) a national approach to improving safeguarding adults has been introduced within the ASC operational teams in January 2015, with all staff receiving training, business systems and process been revised and communication about outcomes modernised. Key to the principle of MSP is involving the adult at the centre of the safeguarding investigation; asking them their desired outcomes and working towards a resolution which embraces these. Safeguarding will be subject to a peer review later this year, which will give us an indication of the effectiveness of the changes we have made and suggestions as to how we can improve our performance.

12. The older people housing pathway has now been approved and published, with ongoing discussions with a variety of providers and developers to ensure that the supply of a variety of housing for older people meets the needs over the next 10 years.

13. The health and wellbeing strategy has been refreshed and following consultation with the public and key stakeholders, seven priority areas have been identified; the top three are mental health, children and young people, and older people. The strategy will be presented to the health and wellbeing board in June for discussion and final endorsement. The health and wellbeing board has also, with the support of the LGA, undertaken a development session, and with a refreshed membership will oversee the delivery of the strategy.

14. Contract awards for stop smoking, health checks and the assist programme have all been completed and are now in implementation phases. Public health has also completed the dental health survey. The pharmaceutical needs assessment consultation has been completed and both the drugs and alcohol tender and sexual health tenders have been issued.

What has gone well?

15. The number of admissions to residential and nursing care for clients under the age of 65 has improved during the last 12 months, showing a reduction in admissions of around a quarter compared to last year's result. Additional work has been done to understand the data behind this measure within the last quarter, to ensure accurate reporting.

16. The number of carers provided with a service in the year has remained at a consistently high percentage throughout the year. In order to widen the offer for more carers and focus on carer wellbeing the current service is been redesigned in collaboration with the carers and representative organisations.

17. The use of temporary accommodation has further improved within the last quarter and has met targets at year end. The housing solution team continues to monitor applications for statutory homelessness closely and wherever possible, look to find alternatives; as a result of these efforts B&B's have not been used since November 2012. This remains the case despite the continuing increase in homeless presentations made to the housing solutions team.

18. The number of affordable housing units exceeded the year target in the final quarter with 159 units delivered, surpassing the yearend target of 140. Throughout the year, units have been delivered across the county, including Hereford, Ross-on-Wye, Lyonshall and Ludlow.

19. Staff sickness has been improved throughout the reporting year and we have consistently been better than at comparative points 12 months ago. We have also driven up performance against our mandatory training from less than 50% earlier in the year, to nearly 94% at year end.

What needs improving further?

20. The number of admissions into residential and nursing care in the over 65's has continued to be challenging this year within the context of increased pressure from the hospital for fast discharge. The community rapid response and reablement pathway was only introduced during the year, and still requires further refinement. During the year, around 270 over 65 year olds were admitted into permanent residential and nursing homes placements. Throughout the year, we have identified an approximate increase in demand for residential placements of 4% and an increase in nursing care demand of around 8%, both figures above what we might expect from demographic changes and the majority following a hospital admission.

21. Performance of safeguarding enquiry completion within timescales has performed at below target levels for the whole year. This is in part a reflection of a significant amount of data cleansing work completed during the year, where we have completed and closed off a significant number of older cases. As mentioned above, in the last quarter, adults wellbeing has gone live with a new making safeguarding personal process, and performance is being monitored weekly. We are now reporting improvements in the timescales of decision making and the proportion of cases being dealt with appropriately under safeguarding processes.

22. Uptake of NHS health check during the final quarter has remained consistent from the previous quarter and has finished the year at 46.7%. The target for 2014/15 was an aspirational target and at Q3, national uptake was 46.2% leaving Herefordshire comparable with other authorities.

Children's wellbeing

What has gone well?

<u>*Education outcomes*</u>

23. Progress has been made during this financial year. The most notable improvement was in the secondary sector, where Herefordshire was one of only 6 authorities nationally to improve performance at GCSE 5A*-C.

24. Herefordshire schools continue to maintain a strong profile in terms of the Ofsted judgements, remaining in the top third nationally for the percentage of children attending good and outstanding schools. The target set for primary schools was achieved this year – the secondary sector just missed the target, primarily due to the continuation of Hereford Academy in special measures.

25. Young people not in education, employment and training (NEET) has also improved over the year. The council has made significant strides to ensure that it knows what young people are doing between the ages of 16-19, and has developed some

innovative work with the police to assist in ensuring that more vulnerable young people are engaging in activities to secure them some kind of training and employment. As a result, the numbers of NEET have reduced from 6.4% to 5.7% over the year. Our numbers not known have reduced according to the end of year national measure to 4.2%. From March to March there has been a significant reduction to 2.1%, from 173 young people to 119.

26. Schools are engaging well in the development of a capital investment strategy and this is on track for cabinet decision making in September 2015.

27. Following successful lobbying, Herefordshire was allocated a further £2.6m funding for schools.

Implementation of the children and families act

28. The implementation of the three year programme to convert all statements of special educational needs has commenced well. This has been guided by a strong parents group who has been co-producing arrangements with us.

29. Market development has continued with a range of providers, and there is now a thriving stakeholder forum.

Re-shaping integrated services for families

30. The council and its partners successfully met the target to 'turn around' 310 families who required additional support through our Families First programme. As well as securing £2.5m reward grant, this led to tangible improvements in outcomes for the families and their communities, including reductions in crime and anti-social behaviour, increases in employment and improvements in attending school.

31. The Herefordshire intensive placement support service began operating in the final quarter of the year, and is already well on track to have the target number of specialist foster carers and have begun work with the first cohort of children.

32. There has also been a large reduction in the number of children on child protection plans from a total of 250 to the present level of 181 which compares more favourably with statistical neighbours and therefore at a level we would wish to maintain.

33. Our performance in relation to the timeliness of completing care proceedings is very good as is our performance in relation to adoption, both aspects being leaders in the West Midlands.

34. The Multi-Agency Safeguarding Hub is the most fully developed in West Mercia and providing a focus for learning and the development of similar approaches in other local authorities.

35. Encouragingly there has been a reduction in the use of residential placements during the year with no placements being made from May 2014 to year end.

Operational improvement

36. The biggest successes during this year were the increase in rating by Ofsted to 'requires improvement' achieved in May 2014 and also securing agreement from the government to lift the intervention notice. This occurred at the start of March 2015.

37. The biggest challenge remains in recruiting and retaining permanent staff. There are

few quick wins here which do not involved excessive and unsustainable levels of funding. We believe we have a robust medium term strategy which will be successful and is starting to pay dividends. There has been a good response to the national and international recruitment campaign, Fruitful Careers, and this, combined with the ongoing successful newly qualified social worker programme means that we are on track to reduce the proportion of agency to permanent workers over the forthcoming year. Our turnover rate of permanent staff is also very low.

What needs improving further?

<u>*Education outcomes*</u>

38. Performance improvement has been less marked in the progress and attainment of vulnerable groups of children overall at each stage of education. There has been some acknowledged success at an individual school level recognised locally and nationally. This however remains a key area of weakness for Herefordshire as a whole. Further development of an effective approach with schools is required, building on the learning from work taken place this year with Ofsted HMI, groups of schools, and the 'closing the gap' initiative.

39. The most significant area for overall improvement remains in phonics, key stage 1 and key stage 2. Work has taken place with school leaders, groups of schools and with Ofsted HMI to develop initiatives to improve practice, and Herefordshire is also beginning to drawing in expertise from other local authorities.

40. The financial outlook for early years and schools is challenging. Whilst the number of schools with a deficit budget remains comparatively low there is likely to be a real terms reduction in budget of possibly as much as 16% over the next five years; the funding of the 30 hours per week full child care government commitment may also cause challenges for an already stretched sector.

<u>*Implementation of the children and families act*</u>

41. There has been slower progress than planned with the development of an integrated approach between children and adults services. This has been caused by a lack of consistent management capacity. This has now been addressed and a transitions lead and project worker are now in place.

<u>*Re-shaping integrated services for families*</u>

42. There has been inconsistent progress in the second part of the year without seeing any marked reduction in the number of families requiring support. Numbers of children in care increased during the year by 11% stabilising at 270 in the final three months of the year. This is below the national increase in care proceedings which was 18% over the same period. The overall number remains comparatively high however albeit this is being made using old data from other authorities. Our application rate for care proceedings is also high. These are areas which will require particular attention in the coming year but should be positively impacted upon as our planned direct work service model comes into operation.

<u>*Operational improvement*</u>

43. Although performance and quality continues on an upward trajectory, the rapid turnover in agency staff is mitigating against a steady improvement. Caseloads, in some teams particularly children in need are still too high (in the high 20's) above the

target of 16. Here managers are finding it difficult to keep the case loads of senior practitioners lower to enable them to improve the quality of practice and direct work in families. Establishments are correct to meet presenting demand but to date it has never been possible to have them complete even with the use of agency staff. We are now piloting the use of assistant social workers which can be recruited resourced through finance from vacant social workers posts. This should relieve pressures with teams although can never become a replacement for qualified staff. As the impact of our permanent recruitment work progresses during the year we are confident there will be increased stability.

Economy, communities and corporate

Impact that has been made during the year

44. The highways service was rated as amongst the most efficient in the country. The assessment promoted by the Department for Transport used customer, quality and cost data gives assurance that the investment being made in the highway network is being spent well. 416km of road surfacing has been delivered, exceeding the planned amount by 67km.

45. The Hereford archives and records centre project was delivered on time and in budget. The centre will be open to the public from August, offering improved facilities and access for the public, whilst being more energy efficient, with running costs significantly less because of the leading edge design.

46. The old market development in Hereford was named as ‘new centre of the year’. The development of the retail site has brought 1100 new jobs to the city.

47. Additional funding was secured via the local economic partnership (LEP) for delivery of the next stage of Herefordshire broadband. Though there have been some delays to the fibre roll-out, more homes have been able to take up broadband. Progress has been made on digital inclusion through government funded ‘faster women’, business support programme and ‘faster farms’.

48. The Masters House project has been completed, preserving both the heritage of the building for future generations as well as serving as a hub for statutory and voluntary sector organisations to serve the local community, including provision of a public library service.

What has gone well?

49. The end of year financial outturn of an underspend of £639k for the council is proof of the more robust budget setting process introduced across the organisation this year.

50. The LDF has been through public examination and a further round of consultation on proposed modifications has been undertaken.

51. Changing from a weekly refuse sack collection to a fortnightly bin collection has resulted in a £500k collection saving, a reduction in the amount of refuse collected and an increase in the amount of recycling collected.

52. The CPO process for the Hereford city link road was successfully completed and the outstanding finance for the scheme was secured through the LEP, enabling construction of the scheme to commence in 2015/16.

53. The preferred route for the southern link road (SLR) was selected, finance for the scheme was secured through the LEP and a planning application has been submitted.

54. In relation to the Balfour Beatty Living Places (BBLP) contract, the lengthsmen scheme has been enhanced and rolled out to parishes, with a positive take up being seen. Customer engagement in respect of services delivered through the BBLP contract is now being undertaken at the Thorn depot.

55. There has been an increase in the number of customer self-serve transactions. The aim is for more customers to interact with the council on-line, rather than face-to-face or phone which is considerably more expensive. There has been a drive in the last 12 months to improve the accessibility of the website and the range of opportunities available for customers to use online services including reporting a fault, making a payment, arranging an appointment, as well as accessing general information. This has been supported by a marketing campaign based on ‘do it online’, and web based council tax services which have been promoted through the main billing period.

56. The elections were well managed, with elections taking place at national, ward and parish level.

What needs improving further?

57. We are approximately three quarters of the way through a programme of additional investment in highway maintenance. This work will create an environment where road condition is enhanced to a level where it can be sustained by on-going investment at planned levels. Our asset management strategy will reduce the demand for reactive repairs in response to safety defects and will reduce the risk to the travelling public, enhance public satisfaction with roads and support the local economy. Further benefits will be realised following this period of additional investment and performance could be further enhanced by the council securing additional investment for highway maintenance.

58. The time taken to deal with housing benefit / council tax benefit new claims and change of circumstance has risen during the last year. Delays in the administration of these benefits can impact on the most vulnerable in our society. Actions will be put in place in the coming year to reduce processing times so as to reduce the number of people living in poverty, reduce homelessness and support people into work.

59. Although weekly earnings by workplace have increased in Herefordshire and the gap between the county and the west midlands has reduced, Herefordshire still has the second lowest median earnings out of all upper tier authorities in Great Britain, so additional focussed attention to this issue is essential.

Equality and human rights

60. There are no specific implications in the report. As regards demonstrating due regard to the council’s public sector equality duty (PSED), as part of our decision making processes we ensure that individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

Financial implications

61. Projects and activity within the delivery plan must be delivered within the budget agreed by council in February 2014; they include projects and activity to deliver the cost reductions required for a balanced budget. Slippage in projects and activity to deliver cost reductions will impact on the overall council budget and will require remedial or mitigating actions to maintain financial stability. A detailed budget monitoring report appears elsewhere on the cabinet agenda.

Legal implications

62. None.

Risk management

63. The corporate plan and its delivery plan are integral elements of the council's risk management framework. Risks associated with each objective and project are entered onto the relevant service or directorate risk register and escalated as appropriate. Risks are also considered in the 'what needs improving further' section.

Consultees

64. None in relation to this report. The development of the delivery plan was informed by the evidence base already gathered during the year and which includes user, resident and partner feedback where available.

Appendices

Appendix A – adults and wellbeing databook

Appendix B – children's wellbeing databook

Appendix C – economy, communities and corporate databook

Background Papers

- None identified.

Further information on the subject of this report is available from
Richard Ball, assistant director place based commissioning on (01432) 260965

		2013/14 Outturn	2014/15 Target	**2014/15 Outturn**	Direction of Travel
The % of people who use services and carers who find it easy to find information about support	Bigger is Better	73%	70%	**74.5%**	▲
The % reduction of those registered on Homepoint	Smaller is Better	4,735	40% (2,841)	**81.5% (874)**	▲
The % of people using social care who receive (a) self-directed support, and	Bigger is Better	62.1%	85%	**86.7%**	▲
(b) those receiving direct payments	Bigger is Better	14.9%	40%	**19%**	▲
Overall satisfaction of people who use services with their care and support	Bigger is Better	65%	70%	**66.9%**	▲
The number of people on the waiting list for assessment and service	Smaller is Better		<10%		
Average time between care package authorisation to delivery to the service user	Smaller is Better		28 days	**10.5 days**	▲
The number of households in temporary accommodation	Smaller is Better		55	**53**	n/a
The number of households in B&B (excluding use as a result of an emergency)	Smaller is Better	0	0	**0**	◀▶
The number of rough sleepers (as reported to the DCLG)	Smaller is Better	22	15	**12**	▲
Delayed transfers of care per 100,000 adult population from (a) hospital, and	Smaller is Better	5.8		**7.68**	▼
(b) those attributable to adult social care	Smaller is Better	2.7	2.7	**4.61**	▼
Carer reported quality of life	Bigger is Better			**7.6**	▲
The % of carers who report that they have been included or consulted in discussions about the person they care for	Bigger is Better		75%	**71.1%**	n/a
The number of referrals to services arising from the breakdown of carer support	Smaller is Better		<10%		
The % of known carers receiving support	Bigger is Better		30%	**48%**	n/a
The proportion of direct payment services users that have a pre-paid card	Bigger is Better		50%		
The % of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services	Bigger is Better	83.3%	85%	**77%**	▼
The % of support plans containing elements of assistive technology	Bigger is Better		50%	**31.3%**	n/a
The % of people who use services who say that those services have made	Bigger is Better	85.5%	90%	**83.9%**	▼

		2013/14 Outturn	2014/15 Target	**2014/15 Outturn**	Direction of Travel
them feel safe and secure					
The % of completed safeguarding referrals where people report that they feel safe	Bigger is Better		80%		
The % of safeguarding investigations which were concluded within 28 days of the decision to investigate	Bigger is Better		80%	**33.9%**	n/a
The number of homes built for older and vulnerable persons	Bigger is Better				
The number of new affordable homes built and acquired	Bigger is Better		140	**159**	n/a
The % of DFGs provided within agreed timescales	Bigger is Better	72.6%	85%	**75.5%**	▲
The % of people aged 18 and over suffering from a long term condition feeling supported to manage their condition	Bigger is Better	66.5%			
The % of avoidable hospital admissions for both adults and children	Bigger is Better				
Permanent admissions to residential and nursing care homes for older people (65 and over), per 100,000 population	Smaller is Better	607.5	503	608.7	▼
Permanent admissions to residential and nursing care homes for younger people (aged 18-64), per 100,000 population	Smaller is Better	20.3	20	14.9	▲
Reduce the alcohol attributable hospital-admissions (directly standardised rate per 100,000 population)	Smaller is Better	544		529.7	▲
Reduce the rates of syphilis (per 100,000 population)	Smaller is Better	8.6 (2013)		5	▲
Reduce the rates of HIV: Late diagnosis: % of newly diagnosed patients whose CD4 count is low enough that they should have already started treatment	Smaller is Better	68.2% (2010-12)			
Reduce the number of conceptions to girls aged under 18 years (rate per 1,000 15-17 year old girls)	Smaller is Better	23.5			
Increase uptake and achieve national target of NHS health checks	Bigger is Better	49%	60%	46.7%	▼

		2013/14 Outturn	2014/15 Target	**2014/15 Outturn**	Direction of Travel
% of children attending a primary school/setting that is good/outstanding	Bigger is Better	83%	85%	**87.6%**	
% of children attending a secondary school/setting that is good/outstanding	Bigger is Better	83%	90%	**83%**	
% of children achieving a good level of development at the end of Reception	Bigger is Better	34%			
% of year 1 pupils achieving expected level in phonics	Bigger is Better	70%			
% of young people not in employment, education or training	Smaller is Better	6.4%	5.50%	**5.7%**	
% of young people whose destination is not known	Smaller is Better	4.9%	2%	**4.2%**	
The number of young people aged 16-25 with Learning Difficulties and Disabilities supported into employment	Bigger is Better				
Number of schools reporting deficit spend	Smaller is Better		0		
% of young people offered a personal budget	Bigger is Better		100%		
% of education health and care plans produced to 20 week timescale	Bigger is Better	100%		**100%**	
The number of young people with disabilities supported in to local services	Bigger is Better	7	>2013/14	**16**	
Reduce the use of institutionalised care	Smaller is Better		<2013/14		
Reduce the spend in institutionalised care	Smaller is Better	£5,338,358	<2013/14	**£5,360,624**	
Average number of cases per social worker	Smaller is Better		16	**14.09**	n/a
Number of families 'turned around' via the re-shaping of integrated services for families	Bigger is Better	35	184	**184**	
% of families being referred to higher levels of need services	Smaller is Better	48.12%	20% reduction	**37.88%**	
The proportion of universal services and communities dealing with low level issues themselves	Bigger is Better		>2013/14	**515**	n/a
The % of audits that demonstrate a consistent application of thresholds across agencies	Bigger is Better		70%		
The % of young people in appropriate housing, in employment, education or training	Bigger is Better	90.2%		**89.5%**	
The % of young people that have access to dental services	Bigger is Better		80%		
The % of young people that have access to GP services	Bigger is Better		80%		
The number of children accessing work experience and interview support	Bigger is Better	848		**810**	

		2013/14 Outturn	2014/15 Target	**2014/15 Outturn**	Direction of Travel
provided by the businesses of Herefordshire					
The % of children placed in family based settings in county	Bigger is Better	18.85%		**17.28%**	
Satisfaction of customers with Early Help services	Bigger is Better		80%	**78.8%**	n/a
The % of cases stepped up to Multi Agency Group discussion	Smaller is Better		25% reduction	**18%**	n/a
Reduction in the cost of Children's Centres	Smaller is Better		£570,000		
Reduction in the cost of Looked After Children support service	Smaller is Better		£80,000		
The % of contacts and referrals received progressed within 24 hours	Bigger is Better	98.92%	95%	**98.48%**	
The % of Child Protection visits completed within timescale	Bigger is Better	95.12%		**63.06%**	
The % of Looked After Children visits completed within timescale	Bigger is Better	96.95%		**96.71%**	
The average tenure of staff within social care	Bigger is Better		>2013/14		
The % of established roles within social care filled by interim staff	Smaller is Better		<30%		
Social worker attrition rate	Smaller is Better		<5		
The amount of income received through delivery of services to other local authorities	Bigger is Better	£829,136		**£354,774**	

		2013/14 Outturn	2014/15 Target	**2014/15 Outturn**	Direction of Travel
Improved road conditions: a) Length of road treated/fixed (miles) b) No of road defects and potholes completed/repaired, and No of road defects (potholes) repaired by resurfacing the roads	 Bigger is Better Bigger is Better		 138.68 67,000	 **216.38** **19,756**	 n/a n/a
Minimise the number of people killed and seriously injured in road traffic collisions in Herefordshire	Smaller is Better	61	<85	**83**	▼
Reduction in residual waste per household	Smaller is Better	554kg	<600kg	**561.15kg**	▼
Improved percentage of household waste sent for reuse, recycling and composting	Bigger is Better	40.2%	>41%	**40.2%**	◀▶
The % of municipal waste going to landfill	Smaller is Better	56.4%	<60%	**57%**	▼
Countywide carbon reduction	Bigger is Better	19% (2011)	24.1%	**19.2% (2012)**	▲
The % of the working age population in employment	Bigger is Better	75.3%	3.5% above the GB rate (77.3%)	**80.1%**	▲
Acres of land sold on the Enterprise Zone	Bigger is Better		60 by December 2015	**10**	n/a
Job opportunities identified in investment commitments made on Enterprise Zone	Bigger is Better		1,500 by December 2015	**141**	n/a
The % of premises within the eligible area of Fastershire with the potential to access NGA Broadband services	Bigger is Better		78% by December 2016	**28%**	n/a
The % of people who feel safe in their local area in the last 3 months	Bigger is Better	50%	56.9%	**72.3%**	▲
Spend within the council's overall budget (forecast)	To plan	-0.26%	Spend to Budget	**-0.44%**	▲
Collection rates for: (a) Council Tax; and	 Bigger is Better	 98.4%	 98.5%	 **98.1%**	 ▼

		2013/14 Outturn	2014/15 Target	**2014/15 Outturn**	Direction of Travel
(b) Business Rates	Bigger is Better	98.6%	98.8%	**98.9%**	▲
The number of days taken to: (a) deal with new claims and changes of circumstances;	Smaller is Better	10.16 days	<13.5 days	**12.46 days**	▼
(b) deal with new claims; and	Smaller is Better	14 days	<20 days	**16.19 days**	▼
(c) deal with changes of circumstances	Smaller is Better	14.35 days	<11 days	**11.94 days**	▲
Increase in pay point transactions	Bigger is Better		10% monthly increase on December 2013	**115,057**	▲
Increase in self-serve web transactions	Bigger is Better		10% monthly increase on December 2013	**9,840**	▲
Reduce total council full time equivalent employees	Smaller is Better	1,090.02	<1,090.02	**1,050**	▲
Reduce the total cost of the workforce (rolling 12 months)	Smaller is Better	£46,285,000	<£46,285,000	**£44,675,000**	▲
Reduce the council's agency spend (rolling 12 months)	Smaller is Better	£5,808,000	<£5,808,000	**£6,721,000**	▼
Reduce sickness absences (rolling 12 months)	Smaller is Better	12.82 days	<12.82 days	**9.7 days**	▲
Improve appraisal completion rate	Bigger is Better			**55%**	n/a
Increased levels of cycling (Destination Hereford) (compared to 2010/11 index)	Bigger is Better	107	106	**125**	▲
Local congestion - improve average journey time per mile in Hereford City during the morning peak	Smaller is Better	20.45 minutes	< 19 minutes	**22.2 minutes**	▼
Local congestion - local bus punctuality	Bigger is Better	87%	>89%	**82%**	▼
Workplace based earnings	Bigger is Better	£386.60	>£386.60	**£405.80**	▲

MEETING:	**Cabinet**
MEETING DATE:	**11 June 2015**
TITLE OF REPORT:	**Corporate performance and finance business planning process**
REPORT BY:	**Assistant director, place based commissioning, and chief financial officer**

Classification

Open

Key decision

This is not a key decision.

Wards affected

County-wide

Purpose

To agree the process for the development of the new corporate plan and medium term financial strategy (MTFS).

Recommendation(s)

THAT:

(a) The approach outlined in this report to developing the corporate plan and MTFS is agreed; and

(b) The timescale for future budget monitoring and performance reports is noted

Alternative options

1. It is open to cabinet to amend or revise the proposals, but in doing so regard must be had to ensuring that a corporate plan and medium term financial strategy are available in time for the period 2016/17 to 2019/20 so as to provide a strategic direction for the council.

Further information on the subject of this report is available from
Richard Ball, assistant director place based commissioning on (01432) 260965 and Peter Robinson, chief financial officer on (01432) 383514

Reasons for recommendations

2. Under the constitution, the council is required to have a corporate plan setting out the objectives of the organisation and a MTFS to support its delivery. These key documents provide the basis for performance management of the organisation. The recommendations will ensure the plans are in place and that appropriate monitoring takes place.

Key considerations

Corporate plan

3. The current corporate plan expired on 31 March 2015. At its meeting of 19 March Cabinet agreed to the roll forward of the current corporate plan and approved a delivery plan for 2015/16. The forming of a new administration following the local election provides an ideal opportunity to develop a new corporate plan. It is proposed that the new corporate plan will provide clear leadership and focus for delivery over the period 2016/17 to 2019/20.

4. The corporate plan, as the overarching policy document for the council, is informed by, amongst other considerations, an integrated evidence based joint strategic needs assessment (JSNA) - understanding Herefordshire, children's integrated needs assessment (CINA) and Herefordshire mental health needs assessment, and in turn, informs future service planning and budget setting.

MTFS

5. The MTFS, which describes the financial direction of the council and outlines the financial pressures over the period of the strategy, establishes how available resources will be allocated to services in line with the council priorities as detailed in the council's corporate plan.

6. The current MTFS 2015/16 to 2016/17 was approved by council in February 2015. This will be updated based on revised grant assumptions and savings plans over the coming months, extending the period of the strategy from 2016/17 to 2019/20. An initial draft will be taken to leader's briefing in early July, setting out some of the major decisions and choices that will need to be made by cabinet in order to inform public consultation. The plan will then be updated in September and savings stress tested, before going to a joint meeting of general overview and scrutiny and health and wellbeing scrutiny in November.

7. The budget planned for 8 July 2015 may give more certainty on reductions in funding but given the overall government target to bring forward balancing the public sector deficit and investing in the health service means that current savings plans are most probably understated. The 2016/17 target has been revised, increasing target savings from £7.6m to £10.5m and the MTFS has been extended to 2019/20.

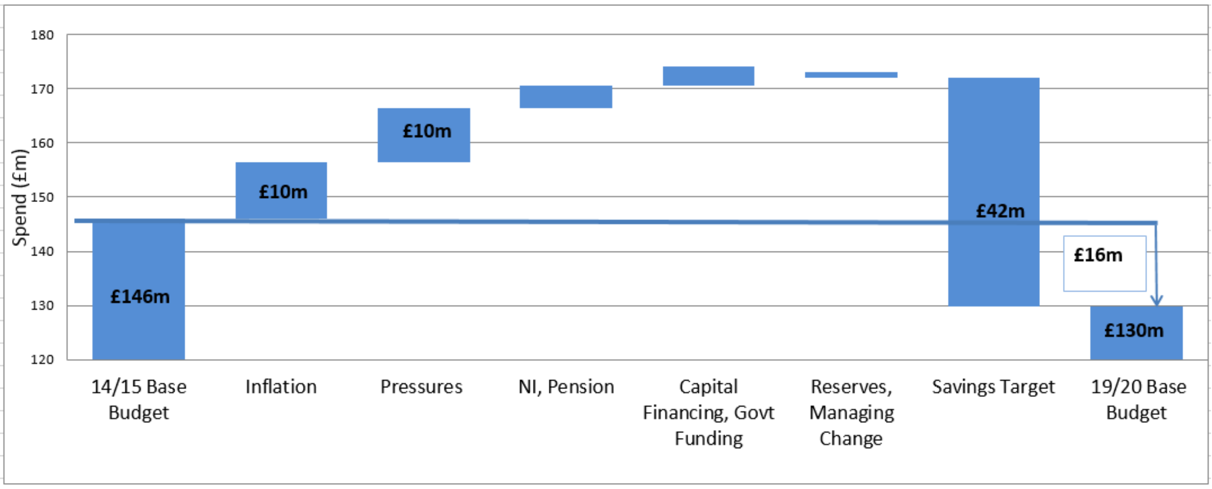
8. The following table outlines that the overall savings requirement in the period 2016/17 to 2019/20 is £32m. This assumes the removal of central government formula grant funding from 2019/20 with the council becoming self-sufficient from business rates, council tax and specific grant allocations from that date. The proposed savings targets have been calculated using the following funding assumptions:

- Business rates income to inflate by 2% a year;
- Council tax to be increased by 1.9% a year;
- 2,000 new homes by 2020;
- Pay awards at 1% a year plus inflation rising to 2.4% a year in 2019/20; and
- Demographic growth in line with joint strategic needs assessment for Herefordshire.

9. The scale of savings which need to be found illustrate the need for further significant service cuts will therefore require the council to think very differently so as to ensure its future sustainability.

	approved savings	**revised savings targets**				
	2015/16 £'000	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2015/16 to 2019/20 £'000**
adults wellbeing	5,460	4,200	2,800	2,600	3,200	**18,260**
children's wellbeing	1,129	2,100	1,400	1,300	1,600	**7,529**
economy, communities & corporate	3,596	4,200	2,800	2,600	3,200	**16,396**
Total	**10,185**	**10,500**	**7,000**	**6,500**	**8,000**	**42,185**

10. The savings target for 2016/17 to 2019/20 is summarised below:



Developing a new corporate plan and MTFS

11. The proposed approach is to build upon the priorities established within the current corporate plan. This plan was the result of previous consultations, including internal workshops and public events in 2012/13. Local people, members, community/business groups and parish councils will be encouraged to read and

comment on this document, which will guide the council's strategic direction. The principles of best practice are clear: clarity of purpose and priorities; meaningful performance measures and targets; a common process which links targets, actions, risk management and the resources to achieve them; and one which enables internal and external audiences to understand what an organisation is trying to do and whether it is succeeding.

12. A draft process and timetable for the development of a corporate plan and MTFS has been developed for consideration and is at appendix 1. The easy part is designing a process; the difficult part is operating it successfully so that it passes the only test that matters, namely whether it leads to improvements in the quality of life for the people of Herefordshire through the way in which it enables the council to be more effective in community leadership and improving public services in accordance with its priorities.

13. In brief it is proposed that:

- the process begins in June with a series of scenario planning sessions where each directorate's budget and priority proposals will be supported by peers from similar organisations. For example, relevant independent service expertise;
- consultation with the leadership group will begin in June to consider the priorities for each directorate;
- an early public consultation begins in July and continues throughout the summer to identify the public priorities;
- throughout the process all members, in particular group leaders, cabinet and scrutiny, are involved; and
- a draft corporate plan and MTFS are available for consideration in early autumn, for final approval by cabinet in January and council in February.

Performance management

14. Formal quarterly performance reviews (QPRs) will be held, where directorates present and are challenged on their performance. These meetings will provide an opportunity for the organisation to drive improvement through a supportive but challenging environment. Separate from, but informed by, the QPR approach, corporate performance and budget reports are presented to cabinet throughout the year, having first been considered by management board and leader's briefing.

15. It is proposed that, following the production of the May performance report, future performance reports include more financial information, providing a more complete overview of performance for the council. This will be drilled down to each directorate, focusing on the commitments made in the corporate delivery plan 2015/16.

16. The timetable for the coming year is as follows:

	leader's briefing	Cabinet
May budget monitoring and performance reports	9 July	23 July
August budget monitoring report	22 October	5 November
Quarter two budget monitoring and performance reports	5 November	3 December
November budget monitoring report	7 January	21 January
Quarter three budget monitoring and performance reports	28 January	11 February

Community impact

17. The corporate plan will set out what the council intends to achieve over the period 2016/17 to 2019/20 to improve services and the quality of life for the people of Herefordshire.

Equality and human rights

18. Reducing inequalities are clearly articulated outcomes within the current corporate plan. The priorities and subsequent delivery plans will undergo equality impact assessments as an integral part of their planning and implementation.

Financial implications

19. None. The consultation and development of the plan is designed to be deliverable within the medium term financial strategy and agreed budgets.

Legal implications

20. None.

Risk management

21. The corporate plan is an integral element of the council's risk management process. Once developed and approved, any significant risk will be reported to cabinet as part of the quarterly performance report.

Consultees

22. None in relation to this report.

Appendices

Appendix A – business planning process

Background papers

- None identified.

Further information on the subject of this report is available from
Richard Ball, assistant director place based commissioning on (01432) 260965 and Peter Robinson, chief financial officer on (01432) 383514

	May	June	July	August	September	October	November	December	January	February	March
corporate performance		End of year corporate performance report	May corporate performance report			Draft CP and MTFS 2016-20	Q2 corporate performance report			Q3 corporate performance report	
resources	Spending challenge Scenario planning	Support spend reduction options (SRO) / peer support Develop SROs	Challenge SROs Refine SROs	Finalise SROs		Support directorate budget setting				Council sets council tax	
leadership group						Draft directorate budgets Discussion of draft CP and MTFS	Draft service budgets		Draft service plans	Finalise directorate & service budgets	Finalise service plans
management board		Initial planning meeting with MB & cabinet QPR	Draft MTFS considered	MB & Cabinet discuss strategic priorities & broad service development / budget options for corporate plan 2016/17 to 2019/20		QPR Draft CP & MTFS considered	Results of consultation		QPR		
members					Review session		Draft MTFS & CP considered by general overview & scrutiny		Cabinet commends CP & MTFS	Council approves CP & MTFS	Objectives, targets & resources approved
stakeholders				JSNA published Public consultation on CP & MTFS	Public consultation on CP & MTFS	Public consultation on CP & MTFS		Refresh of JSNA to commence			